

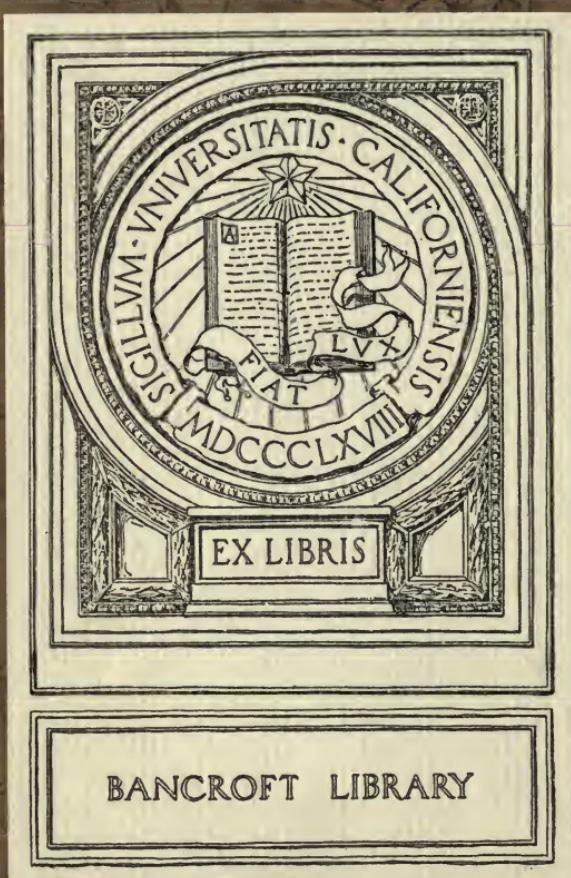
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TEXAS AND PACIFIC RAILWAY.

S P E E C H

OF

HON. JAS. W. THROCKMORTON,
OF TEXAS,

IN THE

HOUSE OF REPRESENTATIVES,

M A R C H 1, 1877,

TOGETHER WITH THE

REPORT OF THE HON. L. Q. C. LAMAR,

OF MISSISSIPPI,

CHAIRMAN OF THE COMMITTEE ON PACIFIC RAILROADS,

MADE TO THE HOUSE OF REPRESENTATIVES
JANUARY 24, 1877.



WASHINGTON.
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SPEECH
OF
HON. JAMES W. THROCKMORTON.

On the Texas and Pacific Railroad bill.

Mr. THROCKMORTON. Mr. Speaker, before proceeding with the views which I desire to submit in favor of the bill reported from the Committee on the Pacific Railroad I wish to refer to insinuations contained in some of the newspapers of this city, that the action of friends of the measure on questions arising in the House on the subject of the presidential count has been influenced by collusion with the friends of the republican candidate for the Presidency. These insinuations have been made in face of the undeniable fact that some of the most ardent supporters of the count under the electoral law are uncompromisingly opposed to the Texas and Pacific bill, while on the other hand some of the leading supporters of the measure are most resolutely and persistently opposing the continuance of the count. Without further observation I desire to pronounce such insinuations, from whatever quarter they may come, affecting the friends of this measure who are members of this body, as utterly false and atrociously slanderous.

Mr. Speaker, it would scarcely be too much to say that this House has had but few measures before it during the present session of greater importance to the material interests of the whole country than the one which I propose to discuss.

Whether viewed as a measure for the especial benefit of that section of the Union, the industries and commerce of which are still prostrate from the effects of a long and desolating civil war, or as a measure for the benefit of the whole country, its importance cannot but command the serious attention of every member of this body.

The restoration to prosperity of a large and important section of our country can scarcely be a matter of indifference even to the most sectional and selfish; for whatever may be the political differences and social antipathies between the people of the different sections of the Union, we are so closely connected in our business relations that the prostration of the industries and trade of one important part of the country cannot but injuriously affect the well-being of the whole.

You cannot desolate Louisiana and South Carolina without the people of New York and Massachusetts sympathizing, perhaps as fellow-citizens of the same great Republic, certainly as fellow-sufferers from a common calamity.

Upon a prosperous South and West depend a prosperous North and East. Let the cotton and sugar fields of the South no longer yield support to the cultivators of the soil and tens of thousands of toilers in northern manufactures will go home to cheerless hearthstones.

Let the South cease to produce that which her people can exchange for the manufactured fabrics of the North and East and both sections will be alike injured. Let a blight fall upon the grain fields of the great Northwest and California, or the mines of Colorado and Nevada cease to yield the precious metals, or let their products be cut off from the markets for want of the means of transportation, and the whole money system of the country feels the shock, and bankers and capitalists and merchants with their millions go down with a crash that spreads ruin throughout the length and breadth of the land.

The lesson thus taught proves that no considerable section of this great country can long enjoy a high degree of prosperity while any other important section languishes in poverty.

I know of no effort of statesmanship better calculated to restore prosperity to the entire country than to build up the waste places in the South, and give to her the prosperity which she once enjoyed and which she still deserves. In my judgment there is no measure we can consider that will more effectually secure that prosperity than the one under consideration.

Give the South just laws, treat her as an equal of the North, of the East, and West; let her have a fair proportion of the protection, the benefits and bounties conferred by the Government, and the result will be that the renewed life and vigor thus given will add ten fold to her production, ten-fold to her consumption of northern fabrics and western produce; the wealth of the nation will be greatly increased, a new era of prosperity will begin, and the balance of trade will turn in our favor.

The bill reported by the Committee on the Pacific Railroad, granting Government credit to aid in the construction of a southern transcontinental railway, has been printed and laid on each member's desk; and I trust that members will give its provisions careful consideration and not permit themselves to be influenced in their judgment of its merits by prejudice or preconceived ideas, inculcated by newspapers that have made war on the measure without understanding its scope or intention, or by rival interests that are determined there shall be no southern line to the Pacific Ocean.

The very able and interesting report of the chairman of the committee presents so strongly and clearly the main features of the measure that I deem it unnecessary to weary the patience of the House by a recapitulation of them. But, sir, before proceeding with my argument, I cannot forbear referring to some of the objections that have been urged to the proposition submitted by the committee, and I earnestly invoke the attention of my southern friends, and those of the North who may be disposed to lend us a helping hand, to the answer I shall make to these objections.

Mr. Speaker, I have been surprised and astonished to hear the charge made that the measure as presented in this bill is not for the benefit of the South, but that its object is to build up the interests of northern commerce. Nothing more absolutely untrue could be stated. This not a southern measure, with already two completed connections with Galveston, and the third under construction; with branches to New Orleans, Vicksburgh, and Memphis; these branches and connections to enjoy all the advantages of freights and fares possessed by the main line! This not a measure for the benefit of the South, when eight hundred miles of its main line and three hundred miles of its "transcontinental branch" lie in Texas, and six hundred and ninety-three miles of the branches traverse Arkansas and Louisiana, making

a grand total of seventeen hundred and ninety-three miles of railway constructed or to be constructed within these three great cotton-producing States, and which will when completed connect with the entire railroad system throughout the South!

But, sir, this charge is made because of the Vinita connection with Saint Louis. It originates in a quarter that never has been friendly to southern interests, and I regret that some southern gentlemen have been led astray by it. The representatives of the various interests opposed to the construction of a southern transcontinental line have been the circulators of this absurd charge. Now, sir, let us see what foundation there is for such a statement. Of course, transcontinental commerce would avail itself of the Vinita branch, but only such of it as would be best accommodated by taking the route to and from Saint Louis. That city has already two connections with the main line, one at Sherman and the other at Texarkana; so that any one can see that should the Vinita branch never be constructed it would require a run of only a few hours longer to reach Saint Louis.

Again, sir, does not every man of ordinary intelligence comprehend that commerce has her own laws, and that trade and travel invariably use the shortest and least expensive available routes? Without the Vinita branch it cannot be doubted that northern trade would avail itself of the Missouri, Kansas and Texas Railway from Sherman, Texas, to Saint Louis, and of the Iron Mountain Railroad from Texarkana. But would it be just to force this trade and travel over the longer line, when no interest could be subserved except that of the railroad companies transporting it? No southern city or port could reap the slightest benefit by forcing such commerce out of its most direct line. It is the object of this measure to lessen the burdens of commerce. The supposition that the owners and managers of eleven or twelve hundred miles of railway in Texas would, contrary to their own interest, turn transcontinental traffic away from their own line for the benefit of the Vinita branch and Saint Louis, is too monstrous to be treated otherwise than with derision. Hence, the assertion that the Vinita branch robs this measure of its claim to southern favor is a fallacy too absurd for patient or respectful consideration.

But there are other considerations, in connection with the Vinita branch, that ought not to be forgotten. It should be remembered that Congress has passed laws to encourage, by donations of lands, a road from the northern lakes to the Pacific Ocean, with a right to branches, with a land grant of 45,000,000 acres. It has also endowed the Union and Central Pacific, and their numerous branches, with land grants of more than fifty million acres, and with more than \$53,000,000 in bonds. It has also bestowed upon the Atlantic and Pacific Railroad Company 42,000,000 acres of land to aid in the construction of a road on the thirty-fifth parallel, and granted lands to the amount of 18,000,000 acres to the Texas and Pacific Railway Company. These several acts were passed in the interest of the various sections of our widely extended country, and were thought to be just to the extreme north, to the extreme south, and to the people interested in the intermediate lines of the thirty-fifth and fortieth parallels respectively. So that we find the Atlantic and the Pacific, or the thirty-fifth parallel route, by the provisions of the bill under consideration, surrenders its claim to more than forty-one millions of acres of land, as the consideration for a Government guarantee of the interest upon the cost of constructing three hundred and twenty-five miles of railway; a line, for its length, of more importance to the Govern-

ment than any other on the continent, and a line of more value to Texas than any of the other branches. Its construction would give peace to her northern border and render valuable her multiplied millions of acres of land that have been dedicated to her common schools, and populate a portion of her territory, now entirely uninhabited, larger than the State of New York; besides affording the shortest and nearest route to northern markets for the beef-cattle that will be produced on her western plains.

Then, sir, in the interest of the whole country, in the interest of the Government, and especially as a representative from Texas, in *her* interest, do I favor this Vinita branch. I regret that there is not provided for in this bill a shorter and more direct connection with Galveston, which was attempted to be secured in committee, and which I still hope to see adopted by the House. But if I should be disappointed in this reasonable and just expectation, I cannot afford to do my section and my State, as well as the whole country, an incalculable wrong and injury by opposing the main proposition. We of Texas are not selfish with regard to this measure, and would be content with the main line without the branches. But how can we deny the reasonable demands of commerce and our southern neighbors for the outlets provided for in this bill?

Who is there, acquainted with the facts, that does not know that with our present railroads and water connections the trade and production of Texas alone are unable to be accommodated? For many weeks during the present season, with our outlets to Galveston and other Gulf ports by several lines of railway, to New Orleans by Red River, to Memphis, and Saint Louis by the Iron Mountain and the Missouri, Kansas and Texas Railroads, our products have been kept from market and return freights delayed in like manner. What would the condition be, with a through line to the Pacific, with the vast increase of population and production which would be superinduced by such a work? How extremely unstatesmanlike, then, would it be to arrest that commerce while waiting for the uncertain navigation of Red River, or make it dependent upon the unregulated rates imposed by the Texas Central, the Iron Mountain, and the Missouri, Kansas and Texas Railroads, which are now unable to do the local traffic. These considerations are so important that none who weigh them can fail to appreciate their force. To *my* mind, at least, they present a complete justification for the cordial support I shall give to all the branches.

Having answered these objections, I proceed at once to the consideration of the bill, and inquire—

Is there a necessity for this action on the part of Congress? To show that such necessity exists it is only necessary to state a few facts so apparent, when mentioned, as to fasten conviction upon the most casual observer.

First. The Vinita branch traverses the whole extent of the Indian Territory from its northeast to its southwest corner. In this Territory are situated large numbers of Indians for which you have recently appropriated large sums for transportation alone.

Second. The main line traverses nearly a thousand miles of the most exposed portions of the frontiers of Texas, New Mexico, and Arizona, now infested by the most treacherous of all the Indian tribes, and least accessible to the operations of the Army, and in a region, where more depredations have been committed by the Indians during the last ten years, than in all the other Territories and borders of the Government combined.

Third. Along the line of the proposed road and tributary to it, the

Government for years past has maintained more than forty military posts, garrisoned by nearly one-half of the entire Army, where supplies for both Indians and troops have to be transported long distances, at great cost and much risk, by wagons.

Fourth. One thousand miles of the line runs directly along and near to the territory of a foreign government, whose people are constantly depredateing upon the citizens and the property of the citizens of this Government.

Fifth. We have the very best military authority indorsing the construction of a transcontinental railroad as among the surest and best means of settling our Indian troubles.

Sixth. Outside of these considerations, if a necessity exists for the Government each succeeding year to make large appropriations to clean out rivers, improve harbors, and erect light-houses for the benefit of trade and commerce between the States and with foreign countries, is there not a like necessity to do something for the transcontinental commerce of the nation, the inland commerce between the States of the Pacific and Atlantic coasts, and the trade and commerce of the Territories of the Government?

Because some of the States and Territories have no harbors and no navigable streams, although they have immense productions for export and for exchange with other States and great demand for the fabrics and products of sister-States, are they to be denied the protecting care and support of the Government?

Look at Texas, larger than the States of New York, Pennsylvania, Ohio, West Virginia, and Maryland, with an extent and fertility of soil capable of producing (without interfering with her large production of wheat, barley, oats, corn, sugar, mules, horses, cattle, and sheep) more cotton, if she had the labor and transportation to get it to market, than is produced in all other countries to-day. Is she to be taxed to aid in clearing out the Mississippi, the Ohio, the Missouri, and other streams, and to pay principal and interest on the Union Pacific and California Central and other railroad bonds because she has no navigable waters to which you can make annual appropriations? Are New Mexico and Arizona and Nevada and Utah to be denied all aid from the Government to foster and promote their commerce because they have been denied by nature navigable rivers? Is the commerce of China and Japan, of the Indies and Australia, that desires to seek transit across our territory to our own ports or to Europe, and the trade of our own States and Territories to be forever subject to the exactions of one great monopoly, over which Congress seems to have no control; or shall American statesmen strike off the galling shackles that now fetter it, by passing this measure and give to this great and growing commerce an open highway over which Congress may at all times exercise an undisputed and healthy control?

Then, sir, may I not insist that, in a military point of view, there is a necessity for this work?

As the speediest solution of the Indian troubles is there not a necessity for it?

As a measure of economy in the transportation of troops, munitions, and supplies to the Army and the Indians, is it not an absolute want?

For the speedy and safe transmission of your mails, is it not demanded?

Do not the protection and promotion of commerce between the States and in the Territories and between our ports and the ports of foreign governments both justify and require it?

Having thus shown the necessity for the work, the next question that naturally presents itself to the mind is as to sufficiency of the security to the Government for the liabilities it will assume should this bill become a law. If it cannot be established that this security is ample beyond any possible contingency, I should be as far from acceding it my support as any gentleman on this floor. I ask your special attention to this branch of the subject, for herein, so far as the claim for governmental aid is concerned, in my judgment, lies the gist of the whole subject; for whatever may be shown to be the advantages the construction of the proposed railroads might confer on the people of the country; whatever may be the abstract justice of the demands of the South for an equal share in the benefactions of the General Government, in aid of great works of internal improvement, a due regard for the obligations we owe the people to husband the resources of the Government wisely and prudently would demand that this bill should be rejected if it cannot be clearly shown that the security offered is ample to protect the Government against the possibility of loss.

The entire length of the proposed road upon which interest-guaranteed bonds are asked will be as follows: Main, or trunk line, from Fort Worth to Fort Yuma, 1,187 miles; from near San Gorgonio Pass to San Diego, 100 miles; the eastern extension to New Orleans, Vicksburgh, Memphis, and Saint Louis, 1,018 miles. Upon these different sections bonds are to be issued for the purpose of construction, only for the actual cost of the work, but not to exceed \$35,000 per mile for the trunk or main line; \$30,000 per mile for the San Diego connection, and \$25,000 per mile for the eastern extensions to the Mississippi. From this it results that the whole issue for the purposes of construction would be \$41,545,000 for the main line, \$3,000,000 for the San Diego connection, and \$25,450,000 for the eastern extensions; making a total of \$69,995,000, the interest upon which, at 5 per cent., would amount to \$3,499,750 per annum, or \$1,750, \$1,500, and \$1,250 per mile on the respective roads. But if you assume that the \$5,000 per mile additional issue, authorized by the bill, should be included in this estimate, the total of bonds would be \$81,520,000, upon which the annual interest would be \$4,077,000. But as the Government holds these additional bonds merely as a further security, of course, they draw no interest until sold by the Government, after the other securities have proved to be insufficient to meet the interest obligations of the companies. I shall show, I hope conclusively, that the other securities are sufficiently ample to meet these obligations, and consequently that these bonds will never draw interest or become a liability to the Government.

Now, sir, what security is offered for the Government's guarantee and liability? In reply, I answer—

First. It will hold a first mortgage, as the roads are constructed, on the roads, equipment, and all the property of the companies.

Second. The Government is to receive and retain the entire proceeds of the sales of lands of the companies granted by the General Government and so much of the land granted by the State of Texas as is given for the road to be constructed west of Fort Worth, say about 7,500,000 acres.

Third. The Government is to retain in the Treasury all dues to the companies for the transportation of troops, munitions, supplies, &c., and for postal and telegraph service.

Fourth. Such part of the earnings of the road from general traffic as may be necessary to meet interest and sinking fund.

Fifth. There are also to be retained in the Treasury bonds of the

companies to the amount of \$5,000 per mile, to be sold and the proceeds applied to the payment of any current interest or sinking fund the companies may have failed to provide for.

These securities are so ample, to protect the Government against loss, that the mere enumeration of them would seem sufficient to relieve the most skeptical mind from doubt; but, I beg the attention of the House for a few moments, during which I shall endeavor to show beyond question their entire sufficiency.

As to the first security, can any one doubt that a railroad property costing twenty-five, thirty, or thirty-five thousand dollars per mile, and the real value of which is equal to the cost, is not sufficient to secure a liability of twelve hundred and fifty, fifteen hundred, or seventeen hundred and fifty, or even two thousand dollars per mile? More especially is it to be considered that these proposed railroad lines pass through sections of country of the most favored climate and fertility of soil, capable of producing the very largest crops of cotton, the cereals, tobacco, fruits, and vegetables, and abundantly able to sustain a population more dense than now inhabits the New England States.

Such is the country through which the extensions pass in Arkansas, Louisiana, the Indian Territory, and for four hundred miles of the main line from Texarkanna via Marshall to the Colorado River of Texas. The remainder of the main line in Texas will pass through the finest natural pasture in the whole country, where the buffalo in all time past, in countless numbers from the Rocky Mountains and northern plains, have resorted in winter to subsist.

When the Indians cease to depredate in that section it will be indeed what it is now fast becoming, the great beef-producing region of this continent. Its outlet to the markets of southern cities, the valley of the Mississippi, and to the cities of the North and East, with such speedy transportation as to prevent its deterioration, will be over the Vinita branch, main line, and eastern extensions, thus affording the best and cheapest meat, for the consumption of the rich and poor, that the country can produce.

In proof of the value of railroad property in Texas, where we have scarcely a navigable stream, I need only refer you to the following table, showing Galveston to be the second largest cotton-receiving city in the United States, second only to New Orleans, outstripping Savannah and largely ahead of Charleston and Norfolk.

RECEIPTS AT ALL UNITED STATES PORTS.

Ports.	This day.	This week.	This season.
Galveston	<i>Bales.</i> 1,648	<i>Bales.</i> 7,505	<i>Bales.</i> 445,879
New Orleans	12,503	48,841	949,314
Mobile	276	8,388	324,042
Savannah	533	3,868	432,656
Charleston	889	5,060	406,635
Wilmington	87	1,414	88,415
Norfolk	2,277	12,596	442,722
Baltimore		165	11,653
New York	524	4,131	156,313
Boston	1,081	5,854	68,645
Philadelphia	268	2,317	40,341
Providence			9,235
City Point			
Port Royal			24,810
Indianola			12,560
Total	20,086	100,139	3,413,370
Last year	15,474	92,338	3,291,272

This table is taken from the Galveston News, a reliable and accurate journal, and is made out for the present season, up to a recent date in the last month. It does not show the amount of cotton shipped from Brownsville, Corpus Christi, Matagorda Bay, the mouths of the Brazos and Sabine Rivers, or direct from Houston, from Shreveport, from Jefferson; or that which finds its way north and to Memphis via Texarkana, where but recently 50,000 bales were passed from the Texas Pacific to the Iron Mountain Road in the space of twenty days; nor from Denison, where an equal, if not greater, amount finds its outlet to the North and East. It is safe to say that this season's cotton product in Texas will foot up from 650,000 to 700,000 bales, worth at the moderate price of \$50 per bale, from \$32,000,000 to \$35,000,000. What will it be in ten years, when our present population shall be doubled and we have cheap and speedy transportation for our products to the markets of the world?

As a further evidence of the value of the railroad properties proposed to be encouraged and given as a security to the Government by this bill, it may be stated that since the war there has been an average of about four hundred thousand head of cattle driven and shipped from the State. With the extension of the main trunk and Vinita branch to the northern and western plains of Texas, this profitable traffic would inure very largely to these lines.

But to give positive proof as to the earnings of railroads in Texas, I submit the showing of the Texas and Pacific earnings upon three hundred and twenty-five miles of constructed road, which for the year ending June 30, 1876, are as follows:

RECEIPTS.	
Transportation	\$1,540,418 82
Express service	12,592 99
Mail service	30,794 74
Telegraph service	8,491 11
Incidental	2,858 44
 Total receipts	 1,595,156 10

EXPENSES.	
Transportation	539,026 51
Maintenance	310,344 76
General expenses	45,323 17

Total expenses	\$94,694 44
leaving net earnings, \$700,461.66.	

I also submit the following statement as to the Houston and Texas Central Railroad Company, on a constructed line of five hundred and five miles of road :

Gross earnings, \$6,262 per mile.....	\$3,162,518 22
Expenses, 59.60 per cent.....	1,855,196 89

Net earnings, \$2,529 per mile.....	1,277,321 33
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As compared with 1875, the net earnings show an increase of \$133,395.68, or 11.7 per cent. The interest on the bonded debt was \$950,000, leaving a surplus of \$327,321.33. During the year the company changed the gauge of one hundred and twenty miles of the main line from 5 feet 6 inches to 4 feet 8½ inches, and added eight engines and two hundred freight-cars to the equipment. The net earnings of four hundred and forty-two miles of the Texas and Pacific road for the six months ending January 1, 1877, were at the average rate of \$85,000 per month or at the annual rate of \$2,307 per mile.

And still further, to prove that the investment for the construction of these lines would be a profitable one, and that the Government

would be secured, I mention the fact that thirty-three counties in the State of Texas, averaging largely more than nine hundred square miles to the county, and all that portion of the State west of the one hundredth meridian, and extending from the Rio Grande north to the Kansas boundary, would be almost entirely dependent upon the Texas and Pacific and the Vinita branch for commercial facilities. It is worthy of consideration that these thirty-three counties are among the most inviting for settlement and production of any in our whole State. It is not going beyond the truth to assert that for beauty of scenery of mountain, hill, and dale; crystal flowing waters, beautiful valleys, and broad rolling plains, the country alluded to has no superior on this continent. It is within the bounds of truth to say that two-thirds of the soil is of the richest and most productive character, easily brought into cultivation, and which, if properly cultivated in cotton, at an average yield of a half bale per acre would produce 6,336,000 bales per annum, being 1,776,000 bales more than the entire crop of the United States for 1875 and 1876. Or if the same amount of land was cultivated in wheat, with an average yield of fifteen bushels per acre—a moderate estimate for that region—we should have the enormous amount of 190,080,000 bushels per annum; which, at the rate of three hundred and fifty bushels to the car, and twenty cars to the train, and twenty-four trains a day, would require eleven hundred and thirty days and nights to transport the crop of a single year to market.

Or, if cultivated in cotton alone, making the same calculation of the same number of cars to the train, and one train for every hour of the day and night, it would require three hundred and twenty-four days and eight hours to move such a crop to market. In other words, it would require over three years to move one season's wheat crop, and nearly one year to move the cotton crop.

This, sir, is no fanciful picture. To make it a reality all that is requisite is such a population as the country described can easily support, and the means of transportation for its products.

As a matter of course, it would not be desirable to cultivate so much soil in any one crop, nor would it be done; but this presentation will show the capacity of the country for production, and its cultivation in a variety of crops would yield the same results as to freight for transportation.

This embraces no account of the agricultural products, live stock, or other traffic to be furnished by the great area of territory, at least one hundred thousand square miles in extent, west of the one hundredth meridian and between the Rio Grande and the Kansas border, which would be dependent upon the proposed lines for an outlet to market.

By reference, Mr. Speaker, to the last report of the Secretary of the Interior, we find that the net earnings of the Union Pacific and California Central Pacific Railroads for the current year amount to the large sum of \$14,386,626.03; or, upon a line 1,913 miles in length from Omaha to San Francisco, that these roads are earning annually \$7,520 per mile, a sum sufficient to pay the interest on a bonded indebtedness, at 5 per cent. per annum, of \$150,400 per mile.

Now, the utmost bonded debt the companies could incur under the provisions of this bill would be \$40,000 per mile on the main line, \$35,000 per mile on the San Diego extension, and \$30,000 per mile on the Vinita and other eastern connections. This is the outside limit, and the Government would only be liable, on account of interest, from \$1,500 to \$2,000 per mile, and not to this extent if the cost of

construction falls below the limit allowed, which I believe will be the case.

I desire the attention of gentlemen to these striking figures and to the fact that this extraordinary showing of earnings upon the Union Pacific and California Central is upon a line of road traversing a wide extent of country of inferior natural resources, many hundred miles of which are devoid of population, except in isolated spots, and upon which vast sums of money have to be expended during the winter months to keep it open for travel, and, further, that this earning is at a period when transcontinental commerce is in its infancy and at a time of great commercial depression.

Such being the fact, may I not ask, if this line, with all its disadvantages of costly operation and frequent interruption to travel, its sparse population and unproductive soil, earns a sum sufficient to pay an interest of 5 per cent. on a debt of \$150,400 per mile, can there be a doubt, when the southern line provided for in this bill shall be in operation from the Mississippi to the Pacific Ocean, that its earnings will be as large? Certainly, no one acquainted with the comparative merits of the regions of country penetrated by the two lines can doubt it.

And when it is considered that nearly 70 per cent. of the earnings of the Union and Central Pacific lines is derived from local traffic, the view presented is more than confirmed.

It is in no invidious spirit that a comparison is instituted between the present and proposed line of Pacific roads, to the disadvantage of the former, for, whatever may have been the recklessness of congressional liberality in the grant of lands and money to it, there is hardly an enlightened man in the land who would be willing that the Government should take back its gifts and by some Aladdin-like enchantment obliterate the magic line across the continent which has annihilated space, established civilization in the gorges of the Rocky Mountains, and brought the dwellers on two oceans into close neighborhood.

But I merely desire to show that, as the proposed southern line traverses a country of superior advantages, it would be able to meet its obligations to the Government; be a boon to the commercial world, and of advantage to the whole country. The one stretches across the continent on the high parallels of forty and forty-one degrees north latitude; over elevations varying from six to eight thousand feet above the sea level; subject to frequent and dangerous interruptions; traversing a thousand miles or more of desolate and unproductive country, much of it as dead to cultivation or the support of animal life as the Desert of Sahara.

In striking contrast to this is the line on the thirty-second and thirty-third parallels, the highest elevations of which are less than five thousand feet above tide-water; passing from the Mississippi River westward through ten degrees of longitude of as productive soil as the continent can boast; thence across the finest natural pastures to the valley of the Rio Grande, famous for its wheat, grapes, and fruit; thence along the rich valleys and grassy plains of Arizona and Southern California, with its western terminus upon the Bay of San Diego, rivaling in beauty the celebrated Bay of Naples and in a climate as genial as that of Southern Italy.

Besides the difference in climate, productiveness of soil, and capacity for rearing live stock along the southern line, it should be mentioned that the inexhaustible pine forests of Arkansas, Louisiana, and Eastern Texas would afford a local traffic to supply Western

Texas and New Mexico with lumber that would be a constant source of revenue to the road, and in this connection, as another source of great local traffic, it should be remarked that the main line passes through extensive fields of excellent coal.

Another great source of traffic and prosperity to this line of road would be its proximity, for several hundred miles, to the northern states of Mexico.

There is no country known to civilization so prolific in the precious metals, especially silver, as these states. According to recent authorities the annual average coinage of the precious metals in Mexico cannot be less than \$26,000,000 in silver and \$3,000,000 in gold. Of this large amount a very great proportion is produced from the mines near to the proposed line of road.

The construction of the road would be the means of introducing machinery and skilled labor into these mines that would stimulate their production to an extraordinary degree.

It is a noteworthy fact that while the United States and Mexico, sister republics, have more than two thousand miles of contiguous territory, we enjoy but 15 per cent. of her foreign trade.

With the construction of the proposed railroad and the results that would naturally flow from it in the construction of a line from El Paso to the cities of Chihuahua, Durango, Queretaro, and to the city of Mexico; and from Tucson, in Arizona, to Guaymas, on the California Gulf, the condition of things would change, and instead of Mexico being an exporter to European markets of her precious metals and a consumer of the goods obtained in exchange, American labor would supply the fabrics, machinery, and goods required for Mexican consumption, and a new source of wealth would reward American enterprise.

But as rich in mineral deposits as are the northern states of Mexico, our own Territories of New Mexico and Arizona fall but little behind them.

Sufficient is known to warrant the assertion that when machinery can be carried there, and life is safe from Indian outrages, the mines of these Territories will prove to be as rich as the mines of Nevada. At this very time rich ores of gold and silver in the natural state are being transported on mules to Yuma, and thence shipped down the Colorado to the Gulf of California, and thence by sea to San Francisco; while crude copper, in bars, is hauled in Mexican carts from the copper-mines in New Mexico, a distance of nearly five hundred miles, to meet railroad transportation.

So that, Mr. Speaker, recurring to the point as to the value of the property proposed to be mortgaged to the Government to secure it against loss, I think I have clearly shown that the lien upon the roads and equipments would be ample; and further, that the net earnings, exclusive of any other security, would be more than sufficient to meet the interest on the guaranteed bonds.

But, sir, it is not alone the first-mortgage lien upon the roads and all their property, including the proceeds of the sales of land and earnings, out of which the Government is to be made safe for the loan of its credit, not to exceed \$2,000 per mile; but you have also the retention in the Treasury of all the earnings of these lines of road for transportation of troops and supplies, and for postal and telegraph service. To enable you to form some opinion as to the extent and value of this security, I refer you to the last report of the Quartermaster-General, which shows that there have been paid to existing Pacific railroads, for military transportation, \$7,288,20.04, wh-

claims unadjusted, \$610,720.98; total, \$7,839,550.13. The amount earned last year on this account was \$585,468.13. In proof of the assertion that the earnings from this source would be greater on the proposed lines than is shown by the figures above quoted, I call your attention to the fact that until the recent outbreak of the northern Sioux, which necessitated the temporary withdrawal from the Southwest of a very large portion of this force, there have been maintained for the last five or six years, at forty different military posts, eleven regiments of infantry and cavalry, which would have received their supplies by the lines of road, proposed by the bill, had they been in operation.

From this source alone the earnings of the company could not have been less than \$1,000,000 annually, besides effecting to the Government a saving of more than three times that sum by the greater cheapness of railroad over wagon transportation.

Just how much that would be is strikingly shown in the letter of the Quartermaster-General to the Secretary of War, dated January 31, 1873, in which he says:

At the average rate, the estimated cost of transportation of the freight moved by the Union Pacific Railroad, including express charges, as shown above, during the time commencing July, 1866, and ending January 28, 1873, would be as follows:

Rates per 100 pounds per 100 miles, railroad rates, 40½ cents.	
Rates per 100 pounds per hundred miles, wagon rates, \$1.46.	
Actual cost of freight at railroad rates.....	\$1,896,589 57
Estimate of cost at wagon rates.....	6,837,088 32
Showing a total estimated cost for moving the troops and supplies by stage and wagon of.....	9,850,134 67
Total cost railroad.....	3,342,851 82

Estimated difference..... 6,507,282 85
Equivalent to about 66 per cent. saving.

In addition to this the Indian transportation must not be forgotten, and to show how enormous that is and what a saving to the Government it would be if we had rail transportation, I need only refer you to recent appropriations made for this branch of the public service.

For postal service on the Union and Central Pacific for the fiscal year ending the 30th June last, the earnings of these roads amount to \$610,899.22. The increase in postal matter on these lines is at the annual rate of 13 per cent.; and at no very distant day, as the country continues to settle and develop and our commerce with Mexico and other countries increases, this source of revenue to the proposed line and consequent security to the Government would appreciate in value.

So that from these military, postal, telegraphic, and Indian necessities, we may safely venture the assertion the Government would hold in its own hands a security of not less than one million and a half annually to be applied to liquidation of interest.

Besides the security of the proceeds of the sales of the lands of the companies, amounting to about twenty-five million acres, which after completion of the roads must be very considerable, there are the \$5,000 per mile of bonds, retained in the Treasury, which can be sold at any time to make good any deficit in sinking fund and interest. If there were no other security this would be sufficient. Such a bond, with a first mortgage on property so valuable, with the interest guaranteed by the Government, would sell for very nearly par, and no one will deny that it would bring more than twice the amount for which the Government would be bound.

Then, sir, may I not ask the most incredulous if the road itself, its

earnings, the proceeds of the sales of bonds, the Government transportation and postal-service, and the \$5,000 guaranteed bonds per mile, altogether, do not present a security that will be absolutely certain to hold the Government harmless against its obligations to meet an interest not to exceed, at the utmost limit, \$2,000 per mile on eleven hundred and eighty-seven miles, \$1,750 per mile on one hundred miles, and \$1,500 per mile on ten hundred and eighteen miles? No candid and unprejudiced mind can doubt it.

Mr. Speaker, having established the necessity of this work and, as I think, demonstrated by the foregoing facts and figures that the Government could sustain no loss, the security being largely in excess of any possible liability, my next inquiry will be, *Is the measure just?*

For Congress to be *just*, in the sense of this inquiry, is for it to so shape its legislation that all sections of the Union shall enjoy equal benefits from the distribution of its favors. Has this been the case?

From the report of the Commissioner of the General Land Office it appears that the southern States have received the following donations of land for the purposes of internal improvement:

	Acres.
Alabama.....	3,579,120
Florida.....	2,360,114
Louisiana.....	1,577,840
Arkansas.....	4,879,149
Missouri.....	2,895,160
Total to southern States.....	15,381,383

The donations to northern States have been as follows:

	Acres.
Wisconsin.....	5,236,797
Minnesota.....	9,664,042
Oregon.....	1,888,600
Illinois.....	3,249,968
Iowa.....	6,795,256
Michigan.....	5,962,480
Kansas.....	8,840,000
Ohio.....	1,100,361
Indiana.....	1,439,279
Total to northern States.....	44,376,783

Grants of land to southern corporations, including the grant to the Texas and Pacific and the New Orleans, Baton Rouge and Vicksburgh roads, 21,800,000 acres; to northern corporations, 95,036,760 acres; total to southern States and southern corporations for purposes of internal improvement, 37,181,383 acres; total to northern States and northern corporations, 149,413,543 acres. Is this a just distribution of the public domain?

Again, in the report of the Secretary of the Treasury made to the Senate January 7, 1874, it is shown that from 1789 to 1873 the appropriations of money in aid of the construction of wagon-roads, railroads, and canals were as follows:

For the sixteen southern and border States	\$6,981,982 90
For the northern States and Territories	97,025,762 70

During the same period the Secretary's report shows that for other public works the disproportion was nearly as great, being \$11,612,086.56 for the border and southern States, against \$76,859,609.50 for the northern States and Territories.

If this is just, it is the justice of the partial father who leaves his millions to his favored son and cuts off another, who has equal claims to his love and protection, with a paltry shilling.

The instances of this partiality are so numerous that I forbear to weary you by their enumeration.

But, as a subject pertinent to this discussion, I cannot resist calling your attention to the extraordinary liberality of Congress in voting the lands and money of the Government for the construction of Pacific Railroads for the exclusive benefit of the northern sections of the Union. What I said before I repeat, that I allude to this branch of my subject with no unfriendly sentiments toward the favored corporations, much less toward my fellow-citizens inhabiting those sections of the country so greatly benefited by the liberality of the Government, but merely to ask that at least *some* liberality may be shown toward another important section of the Union.

From the official records in the General Land Office it appears that Congress has from time to time made the following grants of land to the Union and Pacific roads and their branches:

	Acres.
Union Pacific	12,000,000
Central Branch	245,000
The Denver Pacific	1,100,000
Burlington and Missouri River	3,680,968
Sioux City Pacific	60,000
Kansas Pacific	6,000,000
Chicago, Rock Island and Pacific	1,261,181

Total to the Union Pacific and branches..... 27,922,147

The donations of land to the Central Pacific of California and its branches have been quite as liberal, as follows:

	Acres.
To the Central Pacific	8,000,000
To the Western Pacific	1,100,000
Oregon Branch	3,000,000
Oregon and California Railroad	3,500,000
Southern Pacific Branch of Central Pacific	9,520,000
Oregon Central	1,200,000

Total to Central Pacific and branches..... 25,120,000

making an aggregate donation to the two roads and their branches of 53,042,429 acres of the public domain.

If these donations of land seem munificent, the liberality of Congress toward those favored corporations in gifts of money will certainly not seem less so. The Government has issued bonds to the Union and Central Pacific Railroad Companies and their branches, and paid interest, not yet repaid by the companies, as follows:

To the Union Pacific:

Bonds	\$27,236,512 00
Interest	9,391,684 65

Central branch of Union Pacific:

Bonds	1,600,000 00
Interest	883,400 21

Sioux City and Pacific, a branch of the Union Pacific:

Bonds	1,628,320 00
Interest	740,932 81

Kansas Pacific, a branch of the Union Pacific:

Bonds	6,303,000 00
Interest	1,980,475 05

Total for Union Pacific and branches

\$48,761,234 51

To the Central Pacific:

Bonds	25,885,120 00
Interest	11,312,172 75

Western Pacific, branch of the Central Pacific:	
Bonds.....	970,560 00
Interest.....	831,247 74
Total for Central Pacific and branches.....	\$39,999,000 49

making a grand total for the main line and four branches of \$91,052,795, or at the average rate of \$32,782 per mile of indebtedness to the Government for the principal and unpaid interest of the bonds given in aid of the construction of twenty-seven hundred and eighty-nine miles of main line and branches.

— This does not include the sum of \$6,990,306.21 reported by the Secretary of the Interior as having been placed to the credit of the respective companies in payment for military and postal transportation and telegraph service.

There is one feature of these donations of land and bonds to the companies named to which I desire to ask the particular attention of gentlemen who may be disposed to criticise the recommendation of the Committee on the Pacific Railroad in reference to a guarantee of interest in aid of the construction of branches to the proposed trunk line. The committee had abundant precedent for such a course in past legislation. Of the 53,042,149 acres of public lands donated to the Union and Central Pacific Railroads and their branches only 20,000,000 accrued to the main-line roads, while 33,042,149 acres were bestowed upon their branches; and of this present money indebtedness to the Government, \$27,227,305.60, or at the average rate of \$28,179 per mile, are due from the branches.

In this connection it should be borne in mind that the Vinita branch, in consideration of the guarantee asked, is required to relinquish its unforfeited land grant, estimated by the Commissioner of the General Land Office at 41,496,165 acres; and, more than this: the Government is to be relieved from its obligation to extinguish the Indian title to lands for the company in the Indian Territory. And further, it should be remembered that the Vinita branch, the Memphis branch, and the San Diego connection, having a total length of six hundred and eighty-five miles, receive no grants of land whatever. If it was proper to give bonds to four of the branches of the existing line and lands to twelve of them, surely it is but just to guarantee the interest on these branches that get no lands at all; and can our friends who have been so largely benefited refuse it to us?

So, it will be seen that the scheme of the present bill, with only a main through line to San Diego, without any western branches, and with one eastern connection, that is to benefit the Middle and Northern States, and the three connections to Memphis, Vicksburgh, and New Orleans, falls in extent of miles of road immeasurably below that of the Union Pacific, with its radiating extensions, the Central Branch, Sioux City and Pacific, and the Kansas Pacific, upon which bonds of the Government were issued, and the Denver Pacific, Burlington and Missouri River, and Chicago, Rock Island and Pacific, receiving grants of lands, thus making the main line of the Union Pacific and three branches that received Government bonds and the same roads and three additional branches receiving lands. Thus we see the six eastern connections of the Union Pacific spreading out from the main trunk east, to the Mississippi River, to Chicago, and to the States north and south, affording connections in every direction.

Look at the map. Here you see how every interest of the great West, of the East, and of the North has been cared for by the liberality of the Government. But look still further at the map; trace

the main line of the Union Pacific and Central Pacific through the States and Territories to the Pacific Ocean, and then look at the branches on the western end. Here you see the Western Pacific, running from Sacramento to Oakland; the Oregon branch of the Central Pacific, running from near Sacramento, connecting with the Oregon and California Railroad running to Portland, and there connecting with the Oregon Central, extending to Astoria, at the mouth of the Columbia River. Here you see the Southern Pacific, a connection of the Central Pacific, running from Lathrop through all that portion of California south of the main line, to Fort Yuma; besides another extension to Hollister and Santa Barbara, and continuing down the coast, making six branches or extensions on the western end and ramifying the country in every direction.

Compare the measure proposed by the committee, with its four eastern connections, with the Union and Central Pacific, with their six eastern and six western grand extensions, connecting the main lines with the Mississippi, the great lakes, and the Pacific, and with the vast net-work of railroads in the East and in the North and West, and you will see how moderate and how just is this demand, this plea in behalf of the South; sir, not only in behalf of the South, but equally in behalf of the commerce and interest of the whole country.

Mr. Speaker, may I not remind the members of this body that it was a southern State which gave to the Union the territory which now forms the great States of Ohio, Indiana, Illinois, Wisconsin, and Michigan, and which has so largely enabled the General Government to foster and encourage the grand system of internal improvements to which I have referred? May I not further remind them that it was the common treasure of all the older States that made the Louisiana purchase; that it was the common blood and common treasure that secured New Mexico, California, and Arizona? Sir, may I not also remind them of the fact that southern tax-payers, southern toilers, and southern commerce contribute, alike with those of the North and East and West, to the common treasure which is bearing the burden of principal and interest of the bonds issued for the construction of the already completed Pacific roads and branches?

Mr. Speaker, in view of all the facts presented may we not most confidently appeal to our brethren of the more favored sections of the Union for help on this occasion.

Our friends from New England, whose harbors and fisheries and manufactures have so long received the bounty and care of the Government, should not begrudge us the little asked by this measure.

The Representatives from the States of New York, New Jersey, Pennsylvania, and Maryland, with the commercial metropolis of each State made so largely from southern wealth and production, and which have received so much from the Government, should come forward with alacrity and aid us in this our day of poverty and suffering.

The five grand States of Ohio, Indiana, Illinois, Michigan, and Wisconsin, that have received so liberally of the public lands, and whose boundaries are washed by the waters of the Ohio, the lakes, and the Mississippi, the annual recipients of the bounty of the Government for the promotion and protection of their commerce, will not surely turn a deaf ear to our appeals for help and justice.

Sir, may we not make an appeal equally as confident to the giant young States of Kansas, Iowa, Nebraska, Minnesota, Oregon, California, and Nevada, States that have been so peculiarly and bountifully blessed with Government aid in lands and money for their works of internal improvement?

Let me remind these several interests that we have enacted a law which provides for the appropriation of millions to deepen the mouths of the Mississippi. This is done in the interest of the commerce of the whole country, but especially that northern and western production may have free egress to the waters of the ocean, and that their consumption of foreign commodities may be cheapened.

And now, sir, I would not close my appeal to the different sections and interests of the country without invoking the help of those from the South who have hitherto opposed this measure.

How long, how long will you continue to talk about constitutional power, when the power has been exercised almost every year since the foundation of the Government? Is not this a post-road? Is it not a military necessity? Does it not regulate commerce between the States?

Madison, Jefferson, Monroe, Jackson, Calhoun, Clay, Webster, Benton, Douglass, Hunter, Jefferson Davis, Houston, and Rusk, recognized the power of Congress to do this thing.

Then, why should we falter and doubt? How long, my southern friends, will you refuse to aid yourselves, or to assist your kindred and your neighbors, because of your ancient prejudices against the policy of the Federal Government contributing its powerful countenance to the support of measures not purely governmental, but which do go a great way in providing for the common defense and general welfare?

Under your theory and practice, Arkansas and Missouri and other southern States have languished in poverty or fallen far behind some of their sisters in the march of progress. Their vast areas of productive soil; their water-power and ever-flowing streams; their deposits of iron and coal; their forests of walnut, ash, cypress, oak, and pine are almost useless to-day; their population and progress have not kept pace with other States less favored in climate, soil, productions, and mineral deposits. While the statesmen of the North, acting upon the acknowledged powers of Government, as sanctioned by Calhoun and others, have wisely looked to their own interests locally; and by so doing have added to the wealth and population of their localities, and have given to their sections an influence in the control of this Government, which, by our do-nothing policy, leaves our section, though older, with a more genial and favored climate, with a richer and more productive soil, far behind.

One of the main pillars of democracy, Mr. Douglas, was the author, I believe, of the land-grant system. Under his auspices, Illinois obtained from the General Government certain public lands, which that State granted to the Illinois Central Railroad Company.

Mr. Speaker, when I look back to this action of Congress and of the State of Illinois; when I look at the surroundings of that great State, and see her navigable waters of the lake, the Mississippi, the Ohio, the Wabash, the Illinois River, and her canal, and regard her entire territory, a long, narrow State, in no place very distant from navigation, without half the productive capacity possessed by my State, and remember the public debt and taxation that weighed her down at that time, and contrast it with her present population, taxable values, and prosperity, I am filled with admiration at the sagacity and wisdom of her great statesman, Mr. Douglas. What was she in 1850, borne down and crushed with debt and taxation, incurred by a foolish effort to build up a system of internal improvements by State aid?

She incurred a debt of \$20,000,000 and had secured scarcely a mile of completed railroad; but Mr. Douglas invoked the aid of Congress,

and got a grant of lands of six sections per mile, some of which had been in the market for years, and, under the graduating law, could have been entered at thirty-seven and one-half cents per acre.

Yet with this grant a railroad was speedily constructed from Cairo to Chicago, and a branch to Dubuque, on the Upper Mississippi, making connections with points that already had connections by navigable waters. In 1850 the population of Illinois was 846,000, now it is a little less than three millions. At that time Illinois owed \$20,000,000, and her people groaned under a most ruinous load of taxation. Then her taxable property and values were \$156,265,000. Then she had scarcely a mile of completed railroad. Now, mark the extraordinary change: In 1870 her taxable values were \$2,121,680,000; her debt has been discharged by the 7 per cent. tax paid by the Illinois Central Railroad, and her State government is largely supported from the same source; and besides her navigable waters, she has six thousand four hundred and ninety-six miles of railroad. Who can wonder at her prosperity? Who should wonder that, though younger than any of the original thirteen States; younger than Kentucky and Tennessee, she should be the fourth State in population and influence in the Government. Her climate, her production, her area, her mineral wealth, are not superior, indeed they are inferior, to those of Missouri, and yet she is far ahead in population, wealth, and political influence.

I ask my southern friends to draw a useful lesson from these facts. It cannot be too strongly impressed upon them. Southern statesmanship should heed it.

While southern members of Congress have been stickling about State rights and the powers conferred on Congress by the Constitution, northern statesmanship has asked and obtained favors from the Government that have conquered the inhospitality of climate; turned the wilderness of the great Northwest into populous States; built up commercial centers of trade; populated the desolate valleys, plains, and mountain-tops of our distant Territories, and made the sterile regions of Utah and Nevada contribute to the wealth and prosperity of the nation.

While these things have been going on the politicians of Arkansas, Louisiana, Mississippi, the Carolinas, Alabama, Georgia, Florida, Kentucky, Tennessee, Virginia, Texas, and Missouri have been talking about State rights, about the powers conferred by the Constitution, and the true policy to be pursued by the Government.

The report of the chairman of the committee on this bill shows that both the political parties were pledged to this measure of a Pacific railroad in 1860. The necessity is as great now as then; necessity forced a line where it was then hardly anticipated.

Can either party or any person say that the present constructed line is not a monopoly which Congress seems powerless to control, or that the proposed measure will not take off a great burden both from the Government and the public, and make that competition which will lead to reasonable charges for fares and freights, and leave commerce unfettered to seek the safest and cheapest passage across the continent?

Not only are the two great political parties pledged to such work, but the people from every section of the Union have spoken out in favor of congressional aid to a southern line. The States of Texas, Missouri, Alabama, Mississippi, Tennessee, South Carolina, Florida, Kentucky, North Carolina, and Georgia, through their Legislatures, have passed resolutions approving the measure. The National Grange,

which met at Charleston two years ago, declared in favor of it. The convention which met at Saint Louis last year, with delegates from almost every State and Territory, eight hundred in number, gentlemen of high character and ability, memorialized your body on this subject and recommended the branches provided for in this bill.

Then, sir, it is evident that the people and every interest of the country, except rival corporations and cities that desire a monopoly of transcontinental commerce, are in favor of Congress doing something to promote the speedy completion of this work.

And now, sir, I appeal to every fair and just minded member of this body, regardless of section, to come forward and sustain a measure that can have no ill-effect upon any section or any interest of the country, but which cannot fail to lighten the burdens of Government and of commerce; that will give renewed life and vigor to the industries of a large section of country; that will, in some degree, restore the equality of Government support to a portion of the States and Territories that have heretofore received very little of its bounty or care; a measure that none can deny will be most potent in giving lasting peace and quiet to an extensive border that has suffered untold miseries for want of adequate protection; that will prove an economy in the operations of the Army, in the transportation of supplies to troops and to Indians; in the postal and telegraphic service of the Government, that can be attained in no other way; that will open up new fields of industry and production and create new demands for the products of industries already in existence, that, without it, will never occur; that will open new fields for the acquirement of cheap homes for the many thousands of the homeless in the land who desire them; that will create a demand for and afford labor to the thousands of hungry and suffering toilers who to-day seek but cannot get employment; that would secure from a neighboring republic a largely increased commerce, bringing to us their exports and taking in return our productions, whose trade is now almost entirely enjoyed by other countries; a measure, sir, which, if carried into effect, will restore activity to a thousand furnaces whose fires are now going out, and bring back the cheerful, busy hum of industry in a thousand shops now idle; a measure, sir, that proposes not to curtail the labor or industry of the country, but would largely increase the demand for the one and greatly stimulate the other; a measure that would not diminish the circulation of coin or Government paper, that would not inflate the currency, but which would bring from abroad millions upon millions of foreign capital to add to our circulation of money, and which, during the fifty years the bonds have to run, will be paid, not by the mass of our people or by the Government, but by foreign commerce and by that portion of our people who may use the road for travel or traffic; a measure, sir, that will, in my judgment, do more to restore the ancient feeling of good-will and esteem between the people of the different sections of the Union and more effectually wipe out the bitter remembrances of the late civil war than any to which we can address ourselves, and which, if consummated, will bind all the interests and sections of this great Republic so closely and firmly together that we will forever remain one people, one Union, one Republic, linked and bound together by ties so strong, so interwoven with every interior interest, and so expansive as to clasp the remotest and most distant sections of the country—creating a unity of interest and reliance of one section upon another, so strong and so enduring, that all the powers of earth could not prevail against us.

HOUSE OF REPRESENTATIVES,
January 24, 1877.

Mr. LAMAR, from the Committee on the Pacific Railroad, submitted the following report to accompany bill H. R. No. 4531:

The committee on the Pacific Railroad, to whom were referred House bills Nos. 25, 89, 472, 1035, 1305, and 3140, after considering the same, have instructed me to report the accompanying bill as a substitute therefor, with the recommendation that it do pass.

PURPOSE OF THE BILL.

The purpose of the bill which the committee report is to make certain amendments in the original acts chartering the Texas Pacific Railroad, by which amendments that enterprise will be relieved from the consequence of failure to comply with the terms of the original charter, and will receive such aid from the General Government as will secure its completion.

The causes which interfered with and prevented the prompt execution of the conditions originally attached to the charter, and which may be stated briefly but entirely to have been the disastrous and universal fall in value of all railroad securities in the money markets of the world consequent upon the financial panic of 1873, are sufficiently well known. They were causes disconnected with any special mismanagement of the road itself, and simply rendered it impossible for the corporation to complete within a given time a certain portion of the work they had undertaken to accomplish, although they have completed and equipped 445 miles of road, which is doing a great work in the development of the country it traverses. There is nothing in the history of its management, and certainly no change in the immense national importance of the road itself, which would make this delay in its completion a ground for suspending its franchises or denying it any aid which the interests of the country and the constitutional power of Congress should, under other circumstances, fitly grant it.

The only questions, therefore, which this bill submitted to the consideration of the committee were these two: Has Congress the constitutional power to grant such aid as it proposes; and, second, Is it the interest of the whole country that this aid should be granted?

IS THE AID PROPOSED CONSTITUTIONAL?

With regard to the constitutional power, the question would almost seem to have passed the point of practical discussion. If there is one point in the general policy of the country which seems to be in consonance with the convictions and in harmony with the interests of all sections, it is that the completest, fullest, strongest, and most sensitive sympathy, politically, commercially, and socially, should be established between the Atlantic and Pacific coasts, that this great continent shall be indeed one republic. The universality and force of this sentiment cannot be better illustrated than by citing the declarations of principles set forth in the platforms of the great political parties into which the people of the country are divided.

THE DEMOCRATIC PARTY COMMITTED TO THE CONSTITUTIONALITY OF SUCH AID.

The democratic national convention of 1860, which at Charleston, South Carolina, nominated Stephen A. Douglas for President, adopted as part of their platform the following resolution:

3. That one of the necessities of the age, in a military, commercial, and postal point of view, is a speedy communication between the Atlantic and Pacific States; and the democratic party pledge such constitutional Government aid as will insure the construction of a railroad to the Pacific coast at the earliest practicable period.

The convention held at Baltimore in the same year which nominated John C. Breckinridge for President also adopted as part of its platform the following:

Whereas one of the greatest necessities of the age, in a political, commercial, postal, and military point of view, is a speedy communication between the Atlantic and Pacific coasts: Therefore,

Be it resolved, That the national democratic party do hereby pledge themselves to use every means in their power to secure the passage of some bill, to the extent of the constitutional authority of Congress, for the construction of a Pacific railway, from the Mississippi River to the Pacific Ocean, at the earliest practicable moment.

THE REPUBLICAN PARTY COMMITTED TO THE CONSTITUTIONALITY OF SUCH AID.

In the republican platform of 1860 we find the following proposition:

That a railroad to the Pacific Ocean is imperatively demanded by the interests of the whole country, and that the Federal Government ought to render immediate and efficient aid in its construction.

THE GOVERNMENT COMMITTED TO THE CONSTITUTIONALITY OF SUCH AID.

The necessity for this work of union had scarcely impressed itself upon the people when the civil disturbances of 1861-'65 forced its execution upon the Government, but under circumstances which compelled that Government to make its practical connection more northwardly than under other circumstances would, perhaps, have been deemed most judicious. But the work even then undertaken and accomplished at such prodigious expense, and with such masterful energy, developed a system of Pacific connection which it was evident could not reach its full and symmetrical completion until a more southern Pacific connection had been added to that already perfected. The road as proposed in this bill completes and perfects this system, and as the General Government has largely and liberally furnished aid and subsidy to what has already been accomplished, it would simply be a reversal of an established policy to refuse some sort of effectual aid to complete what had been so wisely and thoroughly commenced. And it would scarcely seem consistent with the spirit of justice and fair dealing, to say nothing of the inconsequence and impolicy of leaving the system half finished, to refuse to the southern section of the country the same facilities which are afforded to the North, and which it must be remembered are the contributions of the South as well as the North.

There are sufficient reasons in the history of the Pacific connection why the most northern routes should have been first completed, but these reasons are deprived of nearly all their force unless these routes are considered as only parts of one great national system into which it is high time that southern interests should be fully incorporated. Looking upon the road proposed, therefore, as the completion of a system already in operation, the committee feel that this bill does no more than give to it the share to which it is fairly entitled as a part of that system of Pacific connection which the policy of the country has enacted and the aid of the Government has partially completed.

Even then, if the committee felt that there was reasonable doubt as to the power of Congress to give the aid furnished by the guarantee of interest proposed, they would find themselves in the face of these facts: that during the war, under the pressure of national preservation, the General Government had found itself compelled to give aid and subsidy to the completion of a Pacific connection, the location of which was limited to a certain section, and in determining which it was not allowed to consider fairly and fully the interests and necessities of the whole country, because the circumstances

of the war had withdrawn some of these interests and necessities from their control. At the close of the war, when the interests of the whole country are again committed to their national guardianship, we find that this connection, proper in itself and eminently serviceable to the country, is yet a sectional advantage, if not monopoly, and does discriminate against the interests of a portion of the country, unless that section is now permitted to enjoy the same advantages of governmental aid, though in a greatly modified and much more secure form, that have been extended to other sections. Surely, whatever may be the constitutional view, the policy, once adopted, must be preserved in until this inequality is redressed.

If the past aid given was right, then so is this. If the past aid given was wrong, its result can only be corrected by allowing it to work until it has corrected its own partiality; because what has been accomplished, if not carried out as a national system extending to all sections, would be simply to confine the advantage of the Pacific connection to one section, and, from the utter inability of the South to complete its own connection, render that now existing between the Atlantic and Pacific coasts a northern monopoly, not objectionable because northern, but because it would be a monopoly injurious to the interests of the whole country.

ARGUMENT TO SHOW THE CONSTITUTIONALITY OF SUCH AID.

But the committee does not feel any reasonable doubt of the right of the Government to contribute the aid provided in this bill to the completion of a railroad which is really necessary to its military and postal arrangements, in which the aid rendered is amply secured, and where the public are protected by proper legislation against the selfish use by the road of the power thus given.

There is no question that the Government has the right to build its own military and postal roads, where necessary, and if by a combination with private enterprise it can secure such roads under its general control at a less expense, and with contingent advantage to the country through which such roads pass, it is difficult to see why this method of executing its powers should be any less constitutional than their direct and more costly exercise. It also appears to your committee that if the general power to regulate commerce justifies the execution of ocean surveys, the erection of light-houses, the subsidizing of mail contracts by sea, it would be difficult to say why the same power would not authorize the use of any means which would secure and facilitate the means of transacting a commerce not less important or vast in its ever-growing proportions, a commerce which does not pass from State to State, protected by the law, the order of self-governing communities, but crossing great prairies, immense mountain-ranges, vast territories, in which the only guardian of circulation and protection of property is the Federal Government. And while the committee feel too profound a reverence for the Constitution to tolerate any trifling with its positive and salutary provisions, they feel, to use the emphatic language of one of the greatest statesmen of the South, Mr. Hunter, of Virginia, who has proved his faith by the uncomplaining sacrifice of a great future, that "To prevent so grand an achievement by interposing objections, claimed by an extreme extension of the State-rights doctrine where there is neither use nor necessity for it, is only to bring into odium and ridicule those grand old bulwarks of human liberty, those prime defenses of American harmony and progress;" that, "we weaken them by attempting to stretch them to cases which they do not cover in right reason, and

where the obtrusion of such considerations can only seem to shock the common sense of mankind."

THE GOVERNMENT SECURED AGAINST LOSS.

But the committee are fully of opinion that all such aid should be rendered on such conditions as will guarantee the Government against sacrifice and protect the people against the selfish exercise of the privileges and power which such aid confers.

The committee think that the provisions of this bill secure this end. The guarantee asked is the guarantee only of the interest upon the company's own bonds, which secures the bond against the fluctuations in value of such security.

THE LINE OF ROUTE.

Since the reference to the committee of the various bills on this subject introduced at the last session, the Texas and Pacific Railway Company has completed its road from Marshall, Texas, to Fort Worth, in that State, on the trunk line, completing it also from Texarkana to Sherman on the transcontinental line, making in all about four hundred and forty-five miles finished, equipped, and operating.

The bill, therefore, as now reported, provides for the construction of a railway line from Fort Worth to San Diego on the Pacific coast; authorizing the Texas and Pacific Railway Company to construct a road from Fort Worth to the Rio Grande near El Paso; thence westwardly one hundred miles into New Mexico until it forms a junction with the line of the Southern Pacific Company, which is by the act given a like authority to build a road from San Diego, connecting with its line at San Gorgonio Pass; thence to or near Fort Yuma on the Colorado River; thence eastwardly along the thirty-second parallel of north latitude until it meets with the line of the Texas and Pacific Railway Company at the designated point of junctions.

It also provides for the construction of lines of railway from the main trunk to Saint Louis, New Orleans, Vicksburgh, and Memphis. To secure the connection with Saint Louis, the Atlantic and Pacific Railroad Company is authorized to construct a line from its present terminus, at Vinita, Indian Territory, southwestwardly, so as to intersect with the main trunk at a point between the ninety-ninth and one hundredth degree of longitude, upon the condition that that company renounces its right under its former charter to build to the Pacific Ocean, and to surrender to the Government the 33,000,000 of acres of land granted therein, and to release the Government from its obligation to extinguish the Indian title to any lands voluntarily granted to it by the Indians.

TERMS AND CONDITIONS ON WHICH THE PROPOSED AID IS GRANTED.

The bill requires that the road shall be built in sections of ten consecutive miles; that commissioners appointed by the President shall inspect the road as it is built, and upon the certificate that such section is completed in accordance with the provisions of the law the Secretary of the Treasury shall deliver to the company its own bonds, not exceeding \$35,000 per mile for the main trunk and \$25,000 for the branches, and \$30,000 on the San Diego connection. If, however, a less number of bonds be found, upon examination, to be sufficient to meet the cost of construction and equipment, then the number of bonds delivered to be correspondingly reduced. Upon these bonds so delivered the Government indorses its guarantee to pay the interest, at 5 per cent., in case the company should fail to do so. The guarantee of the Government therefore cannot, on any part of the road, exceed

\$1,750 per mile, nor \$17,500 for any section of ten miles. The security which the bill provides against loss upon this guarantee of 5 per cent. is—

First. A mortgage, paramount to all other liens, upon the road, its equipments, net earnings, and proceeds of sales of the lands of the company.

Second. The application to the payment of this interest of amounts due from the Government for postal and Army transportation and telegraphic facilities.

Third. The retention of \$5,000 per mile in any event, and more if the road cost less than the average specified, of the guaranteed bonds, with the right to sell and use the proceeds in making up the deficiency of the payment guaranteed, should such deficiency exist.

Fourth. The payment into the Treasury of so much of the net earnings of the road as will be sufficient to meet the interest required.

The trunk line upon which guaranteed bonds are to be issued is—

	Miles.
Main line, from Fort Worth to Fort Yuma.....	1,187
San Diego connection, from San Gorgonio.....	100
Eastern connections:	
Vinita to the Texas and Pacific.....	325
Shreveport and Vicksburgh extension to Monroe.....	96
Marshall to New Orleans.....	337
Jefferson to Memphis.....	260
 Total trunk line	 1,187
San Diego extension.....	100
Eastern connections	1,018

THE SECURITY OF THE GOVERNMENT AMPLE AND COMPLETE.

Assuming the maximum amount of bonds which can be used for construction, we have, on the trunk line from Fort Worth to Fort Yuma, 1,187 miles; at \$35,000 per mile we have \$41,545,000 with the annual interest on the same of \$2,077,250.

On 100 miles for San Diego connection, at \$30,000 per mile, we have a total issue of \$3,000,000, with an annual interest of \$150,000.

On the eastern connections, including the Vinita, New Orleans, Vicksburgh, and Memphis connections, we have a total distance of 1,018 miles, at \$25,000 per mile, with the total issue of bonds to the amount of \$25,450,000, at an annual interest of \$1,272,500.

Total of bonds that can be issued for construction under the provisions of this bill, \$69,995,000, with a total annual interest of \$3,499,750.

This liability of \$3,499,750 of annual interest, we repeat, is protected, under the provisions of the bill, by a first mortgage upon all the property and net earnings of 2,305 miles of road, so that an earning of \$1,750 on the trunk or main line, and \$1,500 per mile on the short San Diego connection of 100 miles, and \$1,250 per mile on the eastern connections, will more than amply secure the Government.

Certainly a mortgage on property worth \$40,000 per mile at an original cost to secure a liability of \$2,000 per mile, will place the security of the mortgagee beyond any conceivable contingency.

Besides this, the Government reserves all the earnings from its own transportation, mails, and telegraph service, and receives the proceeds of all the United States and State lands granted in aid of the construction of the line, as follows:

	Acres.
United States land grants, west of El Paso.....	16,640,000
Texas grants, east of El Paso to Fort Worth.....	7,680,000
Grants in Louisiana, approximately.....	2,490,000

This calculation, it will be observed, is based on the aggregate amount of bonds that can be issued for construction under the bill; but it is believed that the roads can and will be constructed and equipped for a sum of money greatly below this estimate, thus reducing the amount of the guaranteed bonds that will be issued, and consequently the annual interest charge very materially, probably 20 to 25 per cent. below the figures given. When it is considered that the Union and Central Pacific roads, by their last annual reports, July 1, 1876, show gross earnings of \$12,910 per mile, with gross expenses of operating of \$5,520 per mile, leaving average net earnings of \$7,388 per mile, or more than three times the amount of net earnings required on the main line, four times the amount on the San Diego line, and five times as much as on the branches, to pay the interest on the amount of bonds proposed to be issued by the roads to be aided under this bill, there can be no reasonable doubt that the earnings of the lines under discussion will greatly exceed the sum needed to meet the liability of the Government by the proposed guarantee of interest, and that there will never be required from the Treasury of the United States the advance of a dollar of the money of the people.

In addition to this security the Government will retain in its vaults \$5,000 per mile of the bonds of the companies, or \$12,000,000 in all, as a contingent fund, with the full power in the Secretary of the Treasury to sell any portion of the same at the expense of the companies, to meet any possible liabilities during construction or otherwise.

It is believed, too, that the reserve will be greatly increased by reason of the reduced cost of constructing and equipping the lines, through the ability of the company to secure capital on a cash basis, and the diminished cost of labor and material.

It appears to the committee that if ever a guarantee was protected by the provisions under which it was given, this is.

THE INTERESTS OF THE PEOPLE PROTECTED AGAINST COMBINATION OR MONOPOLY.

As to the interests of the people, it will be observed that the bill makes it impossible for the trunk line to become a monopoly strong enough to sacrifice local interests, for every local connection has the right, under the provisions of the bill, to use the trunk line as if it were in fact a part of it, and this right is capable of legal enforcement. It will be further observed that the bill provides for control by Congress over the rates for transportation of freight and passengers, and for postal and telegraphic service. Whether this control should be absolute or limited by the phrase "under general laws applicable alike to railroads aided by the Government of the United States," was a question gravely considered by the committee. Without special and unfavorable reference to other and previous legislation, it is sufficient to say that in the opinion of the committee this limitation seemed rather a confirmation and extension to this road of privileges and franchises hitherto unwisely conferred, than a clear declaration of power on the part of Congress, which ought to be carefully and judiciously exercised, but the right to exercise which ought neither to be doubted nor crippled. The committee felt that the subject was a delicate and difficult one. They felt on the one hand that a great enterprise, in which large private fortunes have been risked, should not be at the mercy of congressional legislation, affected, as it must always be in such cases, by selfish combination or popular excitement. But, on the other hand, they could not consent to leave any such enterprise, so largely aided by the Government credit, and

so directly affecting great public interests, entirely free from such control.

If they attempted to fix a rate of profit beyond which Congress should have the right to interfere, they would be forced to come to their conclusion on very insufficient information, and to expose the corporation to the temptation of coloring the reports of their business so as to maintain the rate of profit at a point nominally below the rate of interference. To leave the rate uncertain and require simply a reasonable profit, would be to introduce subjects of very difficult discussion, and impose upon Congress the decision of differences between the corporation and the public, not only very difficult of decision, but open to influences which it is the great desire of the people to see forever excluded from the National Legislature. The committee have therefore deemed it simplest, wisest, and best to recognize the power which Congress unquestionably possesses, and to leave its exercise to the wisdom and patriotism of each succeeding Congress as the great enterprise develops healthy and beneficial proportions.

SUMMARY OF ADVANTAGES OF THE PROPOSED ENTERPRISE.

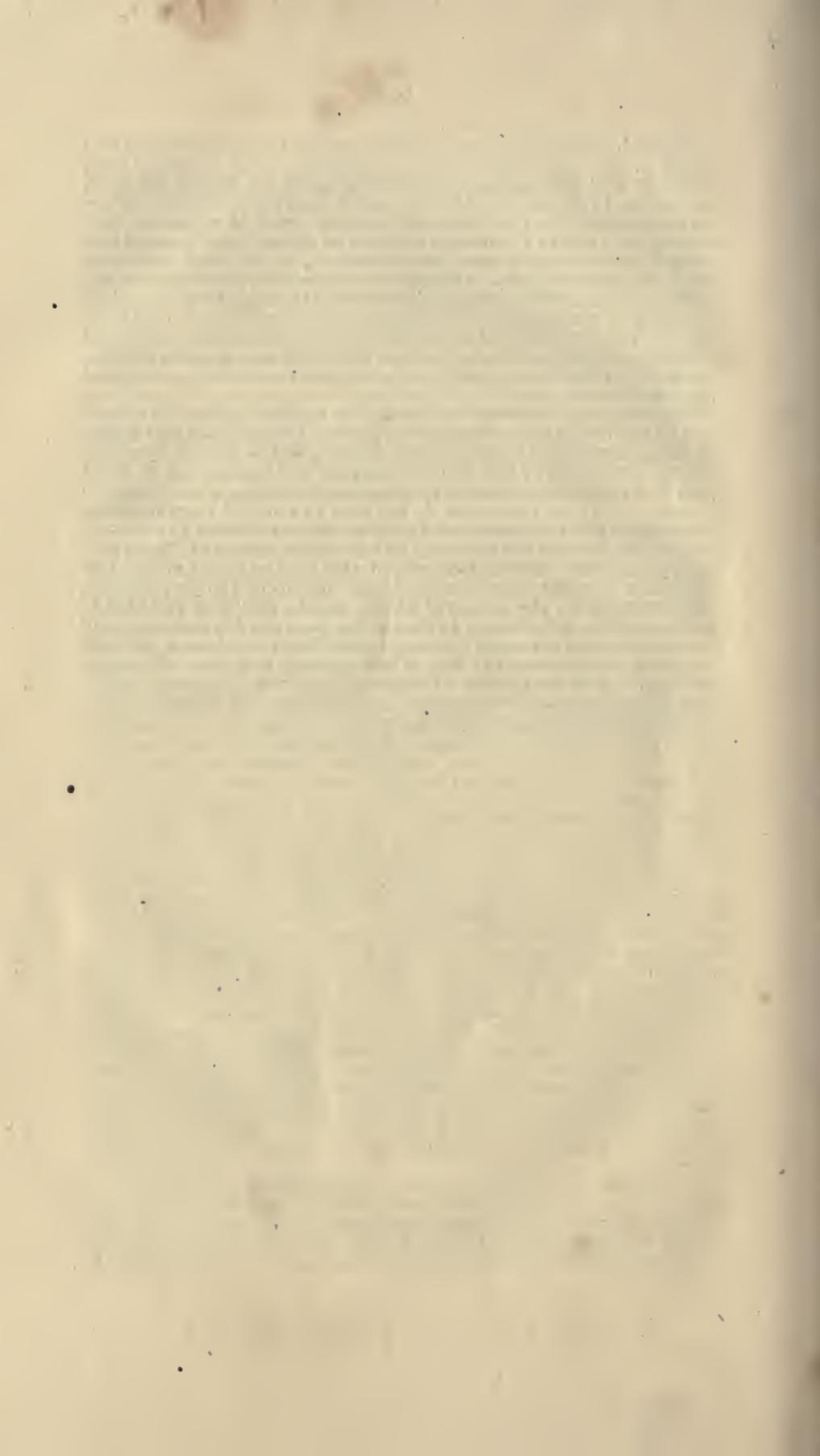
In concluding this report the committee desires to say that it has been adopted after the most careful consideration. The committee could not help feeling that legislation of this sort was growing unwelcome to the popular sense; that there was a general conviction that it was too liable to be controlled by speculative and selfish influences, and that in most of it, however disguised, there lurked some private advantage gained at the public expense. They have scrutinized this bill as thoroughly and as conscientiously as their ability permitted, and they are of opinion that the scheme proposed is honest and patriotic in its purpose, and that while from it, as from every enterprise of the kind properly and economically completed, there must result great advantage to individuals, yet that, in this case, the private gain will not have been made at the public expense, and that the advantages to the Government and the people are ample compensation for that use of the Government's credit which they advise.

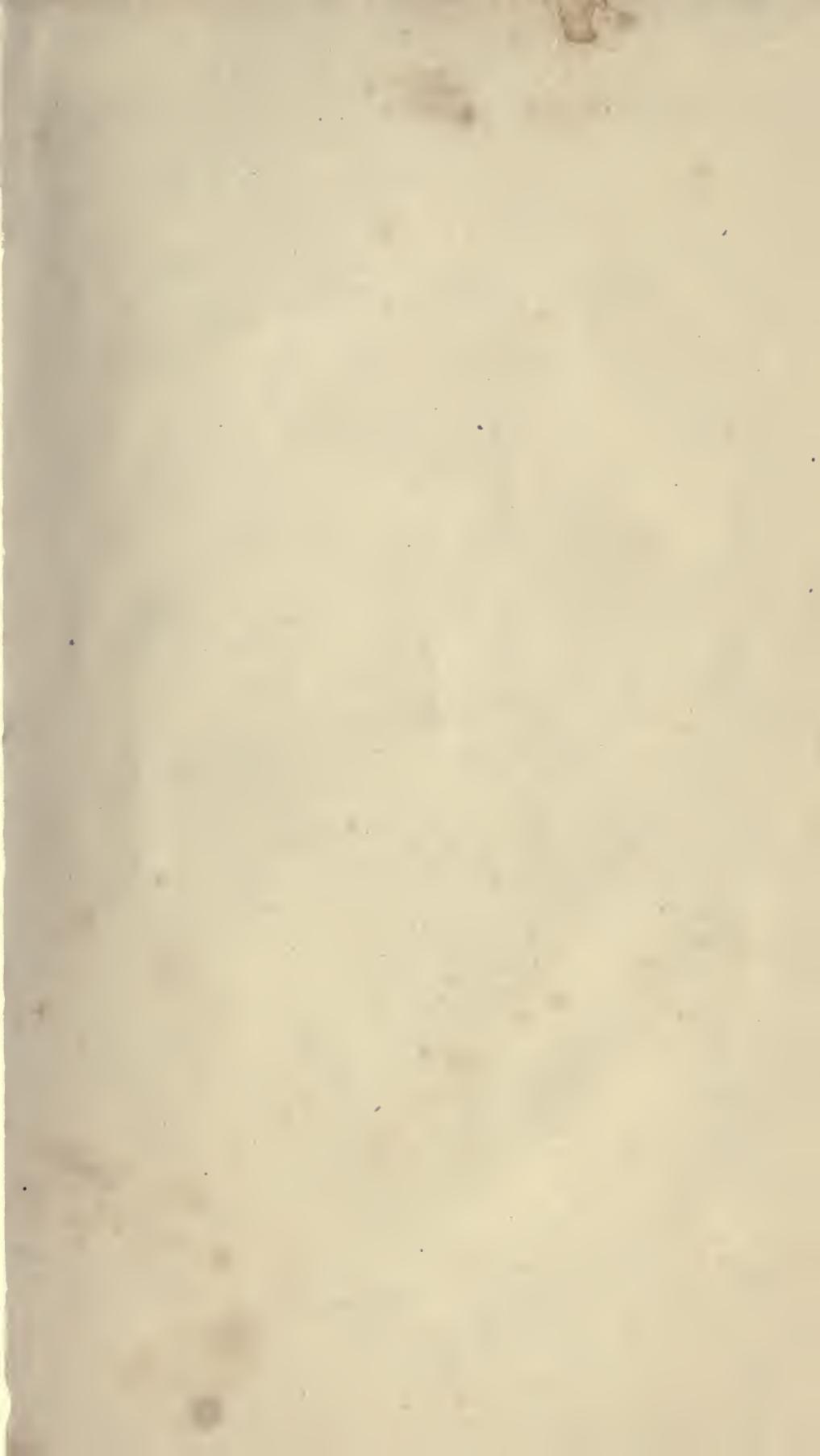
The construction of this road and the completion of its branches will bring the vast region it traverses—a region of surpassing richness, adapted to the culture of the finest cotton, to the production of wool, the raising of cattle, teeming with agricultural resources, and abounding in mineral wealth—into connection with all the great cities on the Atlantic seaboard, and also with all the interior centers of trade in the West and Northwest. It will bring the merchants and manufacturers of the East into a direct, easy, and cheap communication with the commerce of the Pacific coast, Mexico, and Asia, and thus open up to them new and invaluable markets for the surplus products of their manufacturing industry and skill. With its branch lines extending to New Orleans, Vicksburgh, and Memphis, and with its connections with Galveston, it will not fail to infuse new life and prosperity in the South, to develop its capital and resources, and to give to the people of that section the assurance that in this great Union their material interests are considered and protected, and that they are to become in future full participants in its greatness and glory and prosperity.

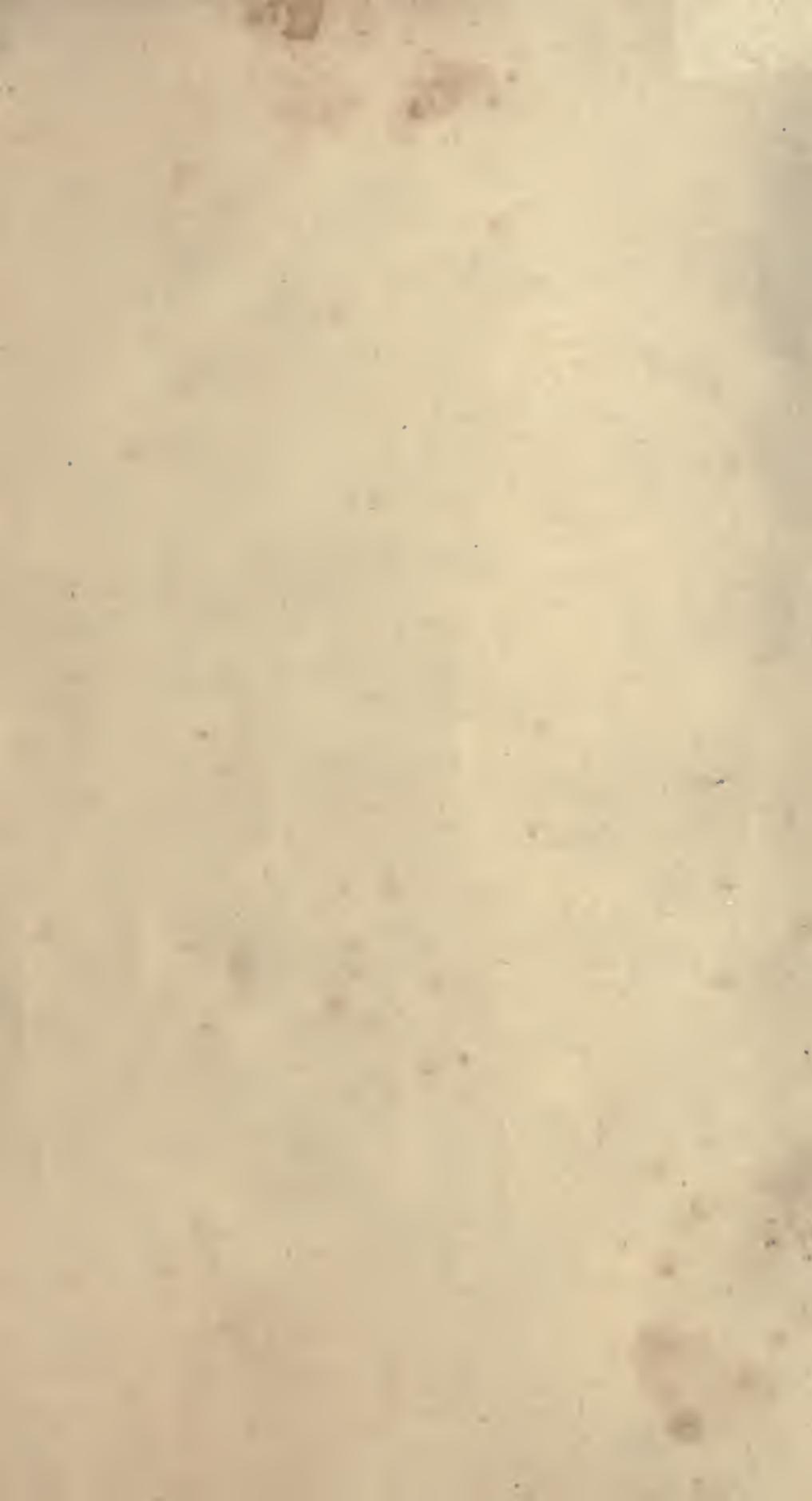
This material reconstruction, if thus wrought, will restore to the North her greatest and best customer who will be enabled, by that renewed interchange of those productions which formerly made the exchange of southern and northern trade the vital energy of our national prosperity, to recommence a new and prosperous life—a life

produced by common interests, and illustrated by mutual respect and affection. In the stimulus, by the exclusive use of American iron, which it will give to our manufacturers; in the supply of work and wages to thousands of skilled and honest mechanics and laborers who are now in destitution and despair; and in unlocking and putting into active circulation millions of dollars now hoarded and lying uninvested in a few money centers, it will tend to relieve much of the embarrassment of our financial affairs, and to restore our agricultural, manufacturing, and commercial interests to their natural condition of prosperity. It will effect a great economy to the Government in the transfer of its military forces, supplies, and mails, and it is believed by your committee that the direct saving to the Government will exceed the annual gross amount of the interest guaranteed upon the bonds.

The advantages to the United States in conducting the administration of the courts in the Territories, and the benefits that will accrue from the settlement of all matters relating to the Indian question, and the protection of life and property on our borders, are so great that your committee deem it only necessary to make a brief allusion thereto. But your committee do not dare to enter at large upon the advantages and importance of this road, either sectional or national, for in their opinion the propriety of a complete system of Pacific connection, and the essential necessity of this road as a part of that system, have already been decided by the action of the Government, and confirmed by the approval of the people, and they feel that in recommending an adhesion to that policy they are advocating one of the simplest and yet surest means of reconciling the interests and harmonizing the sentiment of this whole country, and thus advancing the approach of that future of universal peace and prosperity which this people confidently anticipate, even in the midst of serious political perplexity and threatened danger.







21, 1908

